

Message Text

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62

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 AID-05 PM-03 H-02 INR-07 L-03

NSC-05 PA-01 PRS-01 SP-02 SS-15 PC-01 EB-07 TRSE-00

FRB-03 COME-00 OMB-01 /079 W
----- 004298

O R 082033Z AUG 75

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC IMMEDIATE 9536

INFO AMEMBASSY LONDON

C O N F I D E N T I A L MONTEVIDEO 2735

E.O. 11652: GDS

TAGS: PINT, PFOR, EFIN, UY

SUBJ: VEGH THREATENS TO RESIGN

REF: MVD-3474 OF NOV 27, 1974

1. ACCORDING TO STRONG BUT CLOSELY HELD RUMORS CIRCULATING MONTE-VIDEO LAST TWO DAYS, MINISTER OF ECONOMY VEGH VILLEGAS HAS AGAIN SUBMITTED HIS RESIGNATION TO PRESIDENT BORDABERRY. APPARENT CAUSE IS DISPUTE OVER \$110 MILLION LOAN THAT WAS TO HAVE BEEN SIGNED IN LONDON NEXT WEEK BY CENTRAL BANK PRESIDENT GIL DIAZ HEADING GOU DELEGATION.

2. SEVERAL SOURCES HAVE TOLD EMBOFFS (BEGINNING AT BRITISH EMBASSY RECEPTION NIGHT OF 6TH FOR LOAN DELEGATION) THAT VEGH RESIGNATION TOUCHED OFF BY DISAGREEMENT WITH BANK OF THE REPUBLIC (BOR) VICE-PRESIDENT GENERAL RAIMUNDEZ. URUGUA HAS BEEN NEGOTIATING (SINCE LAST YEAR) LARGE LOAN WITH CONSORTIUM OF FOREIGN BANKS LED BY FNCB AND BANK OF AMERICA. (SEE REFTEL) JUST AS LOAN PAPERS FINALLY READY, RAIMUNDEZ REPORTEDLY SENT MEMO TO ARMY CINC VADORA STRONGLY OBJECTING TO LOAN NEGOTIATED ON BASIS OF PLEDGED GOLD. IN BACKGROUND IS HIS APPARENT BASIC DISAGREEMENT WITH VEGH'S MARKET-ORIENTED REFORM POLICY. BEGH SUBMITTED RESIGNATION IN FLAT CONFRONTATION WITH
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RAIMUNDEZ OVER CONTROL OF ECONOMIC POLICY.

3. AS OF NOON AUG 8, ISSUE HAD NOT BEEN RESOLVED, AND GIL DIAZ WAS MEETING AGAIN WITH PRESIDENT. LATER WE LEARNED OF EMERGENCY MEETING THIS AFTERNOON OF ESMACO, PRESUMABLY THIS SUBJECT. UK EMBASSY TELLS US DELEGATION WILL NOT DEPART AS SCHEDULED AND THEY HAVE SO INFORMED LONDON. WE UNSURE WHETHER THIS MEANS CANCELLATION OR POSTPONEMENT.

4. COMMENT: THIS IS LATEST IN SERIES OF DISPUTES BETWEEN VEGH AND RAIMUNDEZ OVER DIRECTION AND CONTROL OF GOU ECONOMIC POLICY, AND ONE INFORMED SOURCE SAYS THIS WILL BE THE FINAL ACT.

5. GDS.
SIRACUSA

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NNN

Message Attributes

Automatic Decaptioning: X
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Draft Date: 08 AUG 1975
Decaption Date: 01 JAN 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
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Errors: N/A
Film Number: D750274-1087
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750870/aaaacjow.tel
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Review Markings:

Margaret P. Grafeld
Declassified/Released
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EO Systematic Review
06 JUL 2006

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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VEGH THREATENS TO RESIGN
TAGS: PINT, PFOR, EFIN, UY, (VEGH VILLEGRAS, ALEJANDRO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006